



Hello subscribers and friends of Invest In MJ, some of you may already know me (Vin Maru) from writing articles, research reports, as well as company and sector coverage in the past. Over the last few years I have been following the emerging cannabis industry as I feel there is tremendous upside in sector and I wanted to provide an update for TDV. We will look at the Canadian cannabis industry for now and the opportunities that are present with the licensed producers, a few trading opportunities with the publicly traded companies and an opportunity to invest in Emblem before they become public this fall.

Canadian Market Overview

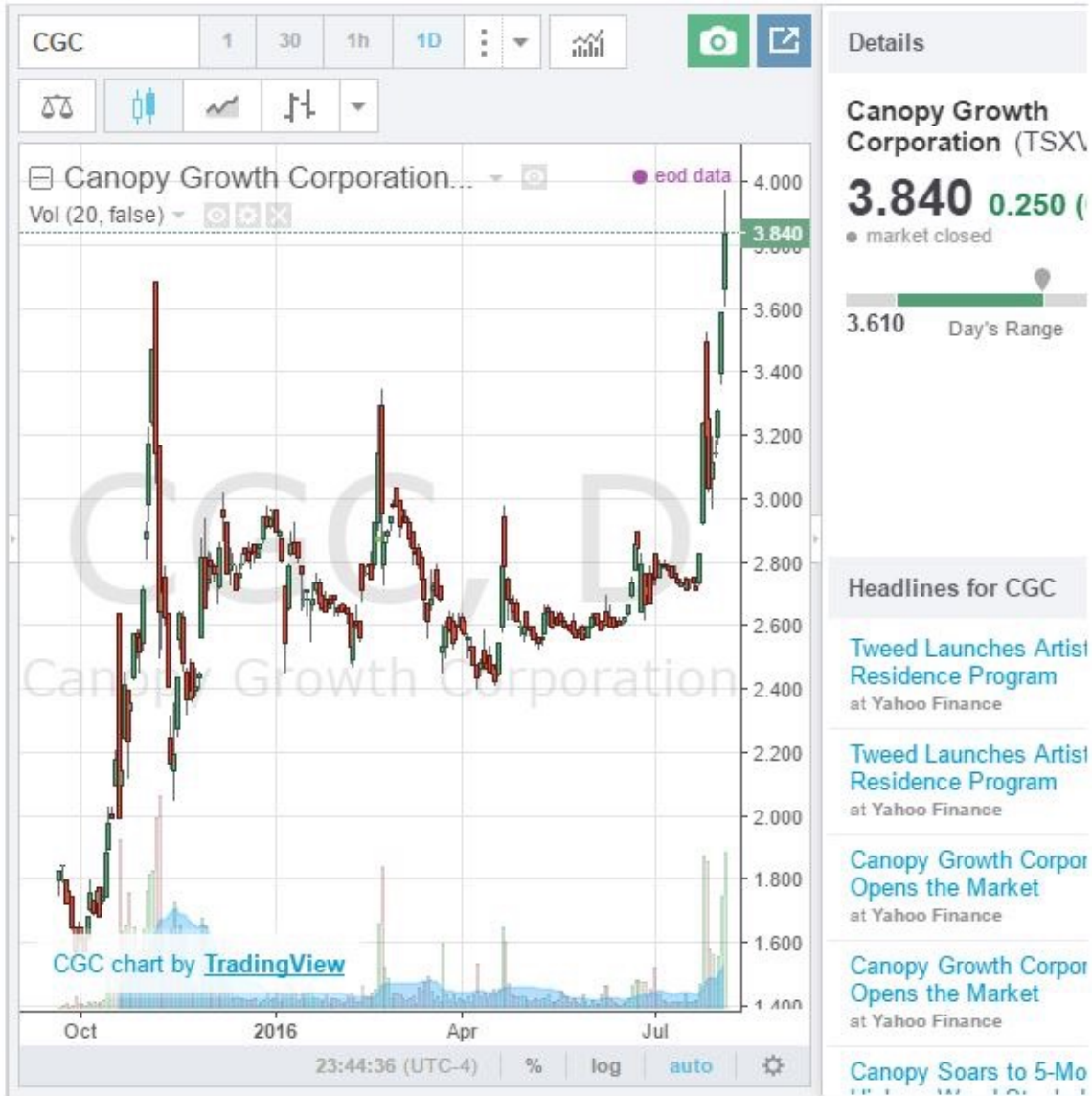
The Canadian cannabis sector has been blazing hot over the last year, especially in the last 2 months. The following chart shows the performance of the Canadian marijuana sector in general, [the Marijuana Index Canada](#) contains a list of 29 companies in the space, their stock prices and market caps. Just looking at this chart, there has been a parabolic rise in share price since May of this year. Most parabolic rises like this are usually followed by a correction and then a basing period before any further advances can be made.



Can their stock prices continue to rise in the near term given the recent [court ruling that medical patients can now grow for themselves again](#) which is similar to the old MMAR program that Canada had until MMPR came into effect? Or will the stocks of licensed producers decline over the next six months? Currently licensed producers can only sell medical cannabis to registered patients and their patient count may be impacted by this ruling, which is why I believe we are starting to see the correction.

Companies like Organigram with a \$143M market cap (peak in Aug 2016) and Canopy Growth Corp. (Tweed) with a market cap that reached \$440M during August 2016 have seen their share price rise significantly over the last few months. Some of the companies have already started a correction in share price and the others may follow suite.

Invest In MJ Charts:



Invest In MJ Charts:



I suspect their share price will come down over the next few months and probably into tax selling season in December. If you have made any good profits in the last year with any of the publicly traded cannabis companies in Canada, you may want to take some money off the table and look to buy back into the sector after a correction and pullback.

There is a chance some of the stock prices may continue to rise if the market is adding expectation about the recreational market opening up in 2017. However that expectation and rise should come after a much needed correction and base building. Once the correction is over, I am expecting a significant rise in 2017 for Canadian licensed producers as it looks like Canada will be opening up the recreational market next year. If this happens, we can expect significant sales increases for these LP and with that a surge in share price.

I am in the process of putting together a special report on the Canadian cannabis sector and opportunities that are available both public and private, as well as a couple of interesting franchise opportunities.

Emblem Corp Opportunity

One of the licensed producers we have been looking at lately is Emblem Corp. This private company is a leading marijuana producer, which has the potential to generate over \$100 million in revenue and is led by a team of Health Care & Pharma Executives who have built & run multi-billion dollar companies.

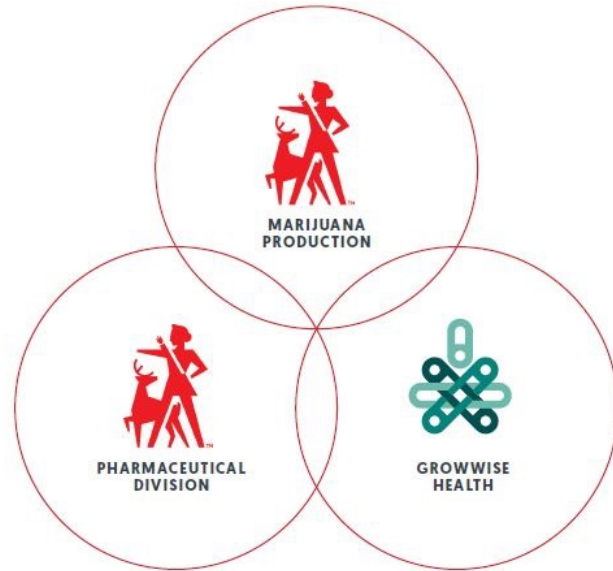


For Better Living

Emblem has a clear strategy across three verticals of marijuana production, patient education and pharmaceutical production, they are uniquely positioned within Canada's large and growing medical and recreational marijuana industry. Emblem has a high quality, experienced management team who has aligned interests with shareholders by investing \$6M and has a track record of building successful multi-billion dollar healthcare companies.

Emblem Corp. has built three unique verticals

- 1 EMBLEM CANNABIS: THE PRODUCTION**
 - 1 State-of-the-art 23,500 Sq Ft Facility
 - 2 Licenses - Cultivation: August, 2015 | Sales: July, 2016
 - 3 Harvesting began March 2016
 - 4 Land has capacity for up to 16,000KG
- 2 EMBLEM PHARMACEUTICAL**
 - 1 Lead by renowned pharma exec, **John H. Stewart**
 - 2 Developing new dosage forms of cannabinoid medication
 - 3 Gel caps, sprays, trans-dermal patches, & pills
 - 4 Revolutionizing the way patients consume their cannabis
- 3 GROWWISE HEALTH: CANNABIS EDUCATION**
 - 1 Marijuana education for patients & physicians in Canada
 - 2 GrowWise operates in medical clinics, currently averaging 50+ patient orders per week
 - 3 Eight education centres operational this year
 - 4 95% of patients register on site with a preferred LP



The company's Pharmaceutical Division is led by John Stewart, ex CEO at Purdue Pharma, the largest private pharmaceutical company in the world. Under his leadership he developed and launched to market OxyContin, a \$2 billion a year drug. His focus will be replacing chemically based opioids with natural based Medicinal cannabis.

GrowWise Health is a marijuana education company, operated as a joint venture between Emblem and White Cedar Pharmacy. GrowWise provides a healthcare solution for physicians and patients currently lacking in the Canadian medical marijuana industry.

GrowWise Education Centres - "Filling the role of the Pharmacist"

- GrowWise operates in medical clinics in which doctors are prescribing marijuana
- Patients are referred to GrowWise once a prescription has been issued
- Nurses counsel patients on safety, strain selection, and assist patients with registering, and placing orders with a licensed producer
- 95% of patients register on site with a licensed producer
- GrowWise has partnered with several preferred LP's to expedite the patients ordering process and variety of strains to patients
- GrowWise will be a reliable and consistent source of patients for Emblem

GrowWise operates two platforms

Education centres within incumbent medical clinics

- Currently operating in 4 chronic pain clinics & one rehabilitation centre
- Three additional education centres to be added 2016

Stand-alone medical cannabis clinics

- Partnered in opening our first referral-based cannabis clinic in November, 2015
- Received referrals from over 50 doctors to date
- Two additional clinics opening in 2016

GrowWise has partnered with several preferred LP's to expedite the patient ordering process. It is estimated that 95% of patients register on site with a licensed producer. Having these clinics and network will surely benefit Emblem in terms of patient education and customer acquisition.

The last step for any LP to start generating revenues is to receive the sales license from Health Canada. The company received this on July 22nd, 2016. The facility currently has 700KG operating capacity, a 300 sq. ft. vault that allows 600KG of storage and they are harvesting 48.5g per plant per harvest. Having received their cultivation license in August 2015, they have already been growing for some time and have 100kg ready for sale. The company is now generating revenues and is looking to expand over the next two years.

The Facility and Property

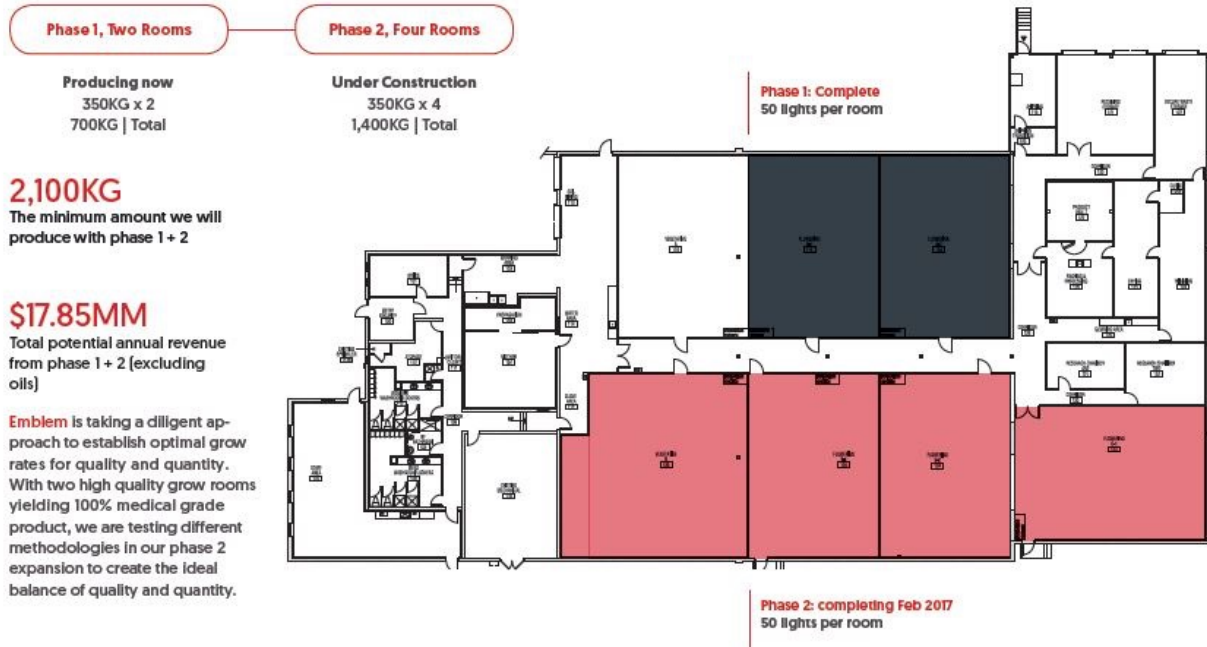
With a state-of-the-art production facility in Paris, Ontario up and running, Emblem has generated its first sale in August and plans to sell to the public by October.

The fully owned property has two buildings and is situated on 4.1 acres of land. The production facility is an enclosed building with hospital grade environmental controls, custom HVAC units to keep ideal temperature, humidity and climate control. Each room is outfitted with dedicated CO2, humidification, & HVAC.

Facility breakdown

- 1 mother room, 1 vegetation room
- 10,000 sq. ft. for 6 flowering rooms
- 1,200 sq. ft of bench space per room
- 14,500 sq. ft of total cultivation space
- Licence covers entire property which is owned by the company

Production | Emblem The Facility



The company has plans for expansion in the current building and on the property. Phase 2 will include building out four more rooms; each room will grow 350KG for a total of 1,400KG additional production. That would bring the total to 2,100KG of production in 2017 and a total of \$17.85MM in potential revenues. Phase 3 expansion to the building would add another 2,000KG or \$17MM and is expected to be done in 2017 and with the existing building only comprising approximately 13% of Emblems land, a 2018 expansion would allow up to an additional 12,000kg. Emblem is also in the process of buying the lands to the South, West, and East, which could truly make this opportunity limitless.



The revenues are based on full production and selling price of \$8.50g. With this expansion, they can expect 16,000kg or \$136MM in revenues, most likely in 2018. The company cash cost to produce a gram is \$1.52 and the all-in cost is \$2.08, so with an average selling price of \$8.50 we can expect the company to make 71% margins at full phase 2 production.

Health Canada recently allowed the licensed producers to make and sell oils, a high margin product made from the entire cannabis plant. The company has already purchased oil extraction equipment in July with a capital investment of \$1MM. This will allow them to produce oil products and new dosage forms that require specialized pharmaceutical industry experience. They expect \$2.9MM in oil revenues in the first 12 months with a 90% projected operating margin.

Summary

After reviewing many marijuana producers, Emblem has one of the best management teams, a state of the art facility which I recently visited and a strategy which surely will make them a leading medical cannabis company. The company has the most blue sky potential with respect to production capacity, pharmaceutical capabilities, and is one of the lowest cost indoor producers I have seen in the sector.

The company provided the following comparable:

Comparables

ORGANIGRAM

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Grams Sold	31,890	86,932	142,790	169,215	213,270
Revenue	\$230,053	\$675,530	\$1,029,376	\$1,425,466	\$1,806,849
Net Profit	-\$1,333,780	\$629,473	-\$201,211	\$55,267	\$367,720
					*Sedar

APHRIA

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Grams Sold	66,357	115,000	256,300	322,400	340,422
Revenue	\$499,890	\$950,740	\$2,026,975	\$2,679,898	\$2,776,316
Net Profit	-\$481,380	-\$476,825	-\$431,098	\$3,720	\$88,543
					*Sedar

Emblem Corp

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Est. Grams Sold	40,139	151,164	171,091	374,638	513,081
Revenue	\$163,570	\$877,562	\$1,416,873	\$2,876,975	\$4,372,123
Net Profit	-\$865,864	-\$591,769	-\$609,619	\$235,592	\$875,378
					*Based on projections

\$143M Organigram's market cap as of Aug, 2016 based on 95.4M S/O FD

4Q's Projected time it will take Emblem Corp. to hit profitability

\$278M Aphria's market cap as of Aug, 2016 based on 111M S/O FD

The company is planning on going public this fall and they currently have a very reasonable valuation compared to the other publicly traded companies in Canada. The company is currently looking to raise \$3MM before the public listing and accredited investor have an opportunity to participate in the upside and own shares at reasonable valuations.

Organigram, a top producer which became public 2 years ago is trading at a \$143M mkt cap. Canopy Growth Corp (Tweed) has a market cap of \$415M. Aphria has a \$278M market cap.

Emblem Corp currently has a \$22.5M pre-money valuation, so as you can see there is the potential for the share price to rise significantly over the next year and get a similar market cap as its peers. If Canada allows for recreation marijuana in 2017, I expect the market cap and share price for all licensed producers to rise significantly. If you participate in this financing now, you will get the upside from Emblem to have a similar market cap as its peers, which could mean an easy double or triple if not more. If Canada does allow sales to the recreational market, then I expect all the licensed producers to have their share price double or triple.

As for downside risk, there probably isn't much at this point unless they lose their license, but the chance of that happening is very slim to none. The current shares out are very tightly held by management and insiders, they have a hold on them so not many shares will be in the public float at the time of listing. With such a tightly held share structure, whatever free trading shares become available should command a much higher price than this offering. The shares from this offering should become free trading in the spring of 2017, which is the expected time frame when Canada should have a guideline for the recreational market.

If you participate now, you are getting shares at a reasonable valuation and the timing to sell your shares should be right around the time that the recreation market opens and when a flurry of activity and buying will occur. You may want to sell some shares into that euphoria of buying and take the proceeds to get additional shares for free from the warrants.

Terms of the Offering: 75 cent Unit - share and ½ warrant @ 1.20 good for 2 years and transferrable.

Deal Size: \$3M

Hold Period: 6 months from trade date.

Closing Date: August 31

IPO Target Date: October 15

If you would like more details on Emblem and the financing, please give myself or Danny Brody from Emblem investor relations a call or email (647-255-8106, dannybrody@emblemcorp.com). If there is an expression of interest (EOI) and you want to know more about the Company, we will forward you the Investor Deck upon request. This opportunity is open to accredited investors in Canada and the US.

Regards,

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